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The North American Free Trade Agreement (NAFTA) and U.S. farm subsidies are a recipe for Mexican agribusiness failure. Removing farm subsidies from the equation could cause short-term failure of agribusinesses in the U.S., but in the long run would allow for the success of those farms that are truly competitive and not reliant on government grants. To the Combatant Commander it would mean long-term stability for Mexico and increased security for the region. By linking Mexico's agriculture to regional security, linking U.S. Farm subsidies to the Mexican economy and then providing a breakdown on domestic farm subsidies, this paper will give insight as to how farm subsidy policies impact Mexico and ultimately our national security. One of the most valid counterpoints addressed is that of U.S. politicians' requirements to support subsidies in order to maintain their seats in congress. Finally, the paper presents conclusions and recommendations that favor reduction and even elimination of farm subsidy policies.

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**NAFTA & Farm Subsidies: A Recipe for Poor Regional Security**

**by**

**Robert Todd Lacy**

**Commander, United States Navy**

**A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations.**

**The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.**

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**31 October, 2011**

**Abstract**

*"NAFTA & Farm Subsidies: A Recipe for Poor Regional Security"*

The combination of the North American Free Trade Agreement (NAFTA) and U.S. farm subsidies is a recipe for Mexican agribusiness failure. Removing farm subsidies from the equation could cause some short-term failure of agribusinesses in the U.S., but in the long run would allow for the success of those farms that are truly competitive and not reliant on government grants. To the Combatant Commander it would mean long-term stability for Mexico and increased security for the region. By linking Mexico's agriculture to regional security, linking U.S. Farm subsidies to the Mexican economy and then providing a breakdown on domestic farm subsidies, this paper will give insight as to how farm subsidy policies impact Mexico and ultimately our national security. One of the most valid counterpoints addressed is that of U.S. politicians' requirements to support subsidies in order to maintain their seats in congress. Finally, the paper presents conclusions and recommendations that favor reduction and even elimination of farm subsidy policies.

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## Introduction

The combination of the North American Free Trade Agreement (NAFTA) and domestic farm subsidies offers a significant link to Mexico's economic stability and our national security. Domestic farm subsidies result in the non-essential production of agricultural goods by large farmers. These goods are then dumped on Mexico at the NAFTA negotiated tariff-free rate at a lower than production-cost price. This manipulation of farm grants goes against the principles of both a free market economy and NAFTA. The recipe of NAFTA and farm subsidies could lead to Mexico's dependence on imported agriculture and the destabilization of Mexico through the reduction of its food supply. U.S. Northern Command (NORTHCOM) must weigh in on this issue as it is challenged to shape domestic and regional policies related to theater security. To ensure regional security, the agricultural economy of Mexico must be improved, and the most significant measure to be taken by U.S. legislators is a correction to the domestic farm subsidy program.

Agreeing to NAFTA and then manipulating its principles through increased farm subsidies is at the core a political stratagem to gain votes. Misplaced understandings of Mexico's ability to protect its agricultural economy, partisan politics related to keeping farms afloat and fear of losing ground in regard to national security are all reasons why some might argue against reducing farm subsidies. To be a fair strategic influence in the world, policies must be changed that have negative impacts on economies and fail to provide for theater security cooperation. Programs related to domestic farm subsidies offer a good start as they potentially lead to instability in Mexico and theater security concerns for NORTHCOM.

**Linking Mexico's Agriculture to Regional Security**

Mexico's economic stability is vital to our regional security with agriculture playing a primary role. One of NORTHCOM's most meaningful strategies should be the long-term economic stability of nations along our borders. The economic and physical security of Mexico and Canada will ensure we maintain an allied buffer zone, thereby protecting our own security and interests. Mexico's $1.1 trillion dollar free market economy, thirteenth largest in the world in 2010, contains a mixture of modern and outmoded industry and agriculture.[1] More than any other sector in Mexico, agriculture with its integral heritage and cultural values has been left behind for a more industrialized economy.[2] In 2004, ten years following NAFTA, the U.S. handed out $46.5 billion in farm subsidies while Mexico only distributed $5.4 billion.[3] Concerns for regional food security could be blamed on both NAFTA and its associated cross-border tariff-free trade or farm subsidies and the growing delta between U.S. and Mexico supported funds. Conceivably it is a combination of both NAFTA and increased subsidies. There are two reasons the U.S. should be concerned about Mexico's agricultural economy: decreased food supply and cross-border migration.

It is essential that a nation maintains its food supply and not become reliant on the importation of agricultural products. Despite a country's ability in ensuring availability of, and access to high quality, safe and nutritious foods, it can potentially experience food insecurity when it becomes import dependent.[4] Banking on importing agriculture, increases the risk of long-term dependence that could result in eventual starvation. This may happen to

[1] The World Fact Book, Central Intelligence Agency, last modified October 18, 2011. https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html.
[2] Harris, Collin. "NAFTA & Political Economy of Immigration." *American Norte,* July 20, 2010. http://alainet.org/active/39661&lang=en.
[3] Griswold, D, Slivinski, S, and Preble, C. "Six Reasons to Kill Farm Subsidies and Trade Barriers." *Reason Magazine,* February 2006. http://reason.com/archives/2006/02/01/six-reasons-to-kill-farm-subsi/print.
[4] Hariyadi, Purwiyatno. "Beyond Food Security." *The World of Food Science.* 2011. http://www.worldfoodscience.org/cms/?pid=1004751.

a country with insufficient natural resources to meet dietary needs, or to a country with sufficient natural resources, but which has not developed these resources to ensure food security due to lack of government commitment.[5] Under this rationale Mexico may be in danger. Dependence on imported food could result in vulnerabilities and an inability to maintain core stability during tough economic times and over the long haul, leading to possible failure. A second major concern is that as agribusinesses lose their farms, former employees seek work where work is available. The combination of NAFTA's lifted tariffs and the increased level of food subsidies by the U.S. government has caused a flood of inexpensive "staple grains" from the U.S. to Mexico, and thereby caused Mexican farm workers to make the journey north across the border.[6] By coming to the U.S., illegal Mexican workers find jobs at relatively lower wages compared to what U.S. farm employees might receive and thus force U.S. workers into unemployment. This situation creates security concerns as it is nearly impossible to keep track of everyone crossing our 2,000 mile southern border. As stated by former U.S. Attorney General Alberto Gonzales, "We must know who is entering this country and why – we cannot have true security without secure borders."[7] If left unaided, illegal migration may highlight security vulnerabilities which enemies of the U.S. will take notice of and use to their advantage.[8] The maintenance of Mexico's food supply is an understandable security concern for both the U.S. and Mexico.

Industry is one the most important economic sectors in the Mexico, and it employs a fourth of the economically active population; automobiles, cement, steel, textiles, chemicals

[5] Ibid.
[6] Terroristplanet.com. *The Border: Illegal Immigration and National Security*. 2010, 8.
[7] Federation For American Immigration Reform. *Illegal Immigration is a Crime*, 2005. http://www.fairus.org/site/News2.
[8] Smith, Luther. "Illegal Immigration: Is It A Threat To National Security." *U.S. Army War College.* March 15, 2006, 1.

and drinks are some of the major activities within the its industry sector.[9] To better understand the change in Mexico's economy from what was one of combined agriculture and industry to one of industry and service with a negligible agriculture sector, we will look at population and labor statistics over a 15 year period between 1995 and 2010. At 1.24% per year Mexico has had one of the lowest population growth rates in the world with an average .31% of the population migrating from Mexico.[10] A key indicator of Mexico's changing economic situation is the population shift from rural to urban areas at a profound rate of 1.2% annually.[11] In fact, Mexico has had the second-largest urban relocation in the Western Hemisphere.[12] Mexico's agricultural economy, consisting of a large number of small farms with major harvests in corn, wheat, beans, rice, coffee and fruit, has become highly industrial and service related.[13] Most of these agricultural products are the same goods that receive subsidies from the U.S. The agriculture labor force has dropped from 31.7% to 13.7%, a loss of 18%, while the agricultural sector's GDP has slipped from 7% to 3.9%.[14] Statistics point out that Mexico's slow growing population is not staying on the farm to maintain core stability for their nation. This is likely due to the government's decision to concede to farm imports from the U.S. while building an industry based economy.[15] Mexico's industry-based strategy is to produce enough goods to export so that they can maintain the ability to import commodities they need, like food. Employing this strategy Mexico has exploited NAFTA to move non-levied goods from China, through Mexico and on to the U.S. Mexico's exports to

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[9] Explorando Mexico. *Economy of Mexico*. 2006. http://www.explorandomexico.com/about-mexico/6/.
[10] The World Fact Book, Central Intelligence Agency.
[11] Ibid.
[12] Ibid.
[13] Ibid.
[14] Ibid.
[15] Public Citizen. *The Mexican Economy, Agriculture and Environment: NAFTA at Ten*, 2004. 2.

the U.S. in the same 15 year period increased from 7% to 12%.[16] To succeed, Mexico's industrial sector must keep pace and even excel against countries such as China in order to compete in the aggressive world of exporting. The possibility of Mexico's failure in industry and continuously weakening agriculture may lead to increased difficulties in feeding its people. Although economic expansion has taken place across the border, it has not been enough to improve competitiveness and reduce poverty, both in urban and rural areas.[17] It would be wise to maintain theater security by supporting Mexico's control of its food supply.

Upon entering NAFTA negotiations with the U.S., Mexico knew that to compete it would have to increase subsidies to farmers through new initiatives. While the three subsidy programs of *Programa de Apoyos Directos Para el Campo* (PROCAMPO), *Alianza para el Campo*, and *Produce Capitaliza* provide infrastructure and technology support to Mexican farmers, there is still an enormous difference between subsidies distributed by the U.S. and those given by Mexico to its farmers.[18] There have also been reports of inequitable distributions and possible corruption involved with these programs. In 2010, under PROCAMPO, roughly $1.3 billion was given to 2.7 million farmers, which had been allotted at about $75 to $100 per acre - upwards of 80% of this money went to 20% of the registered farmers.[19] Although these programs seek to put Mexican agriculture on a competitive footing, it will be difficult, if not impossible for Mexico to compete against a developed country like the U.S. that can provide greater advantages through larger grants to its agriculture industry.

[16] The World Fact Book, Central Intelligence Agency.
[17] Explorando, *Economy of Mexico.*
[18] Hufbauer, Gary and Schott, Jeffery. *NAFTA Revisited: Achievements and Challenges,* 295-296.
[19] Wilkinson, Tracy. "Mexico farm subsidies are going astray." *Los Angeles Times.* March 7, 2010. http://articles.latime.com/print/2010/mar/07/world/la-fg-mexico-farm.

The ability to grow food in order to sustain a nation's population is essential to its long-term survival. During extreme economic duress, when farms are in danger of not feeding the nation, government food subsidies have their place. For a fully developed country with an abundance of land and food to draw upon, the main reasons for continuing large subsidies includes the promotion of a socialized agricultural economy, support of domestic farmers, and control of neighboring and world agricultural economies. For the Combatant Commander, with developing countries in their area of operations, these policies should be of concern as they reduce U.S. ability to create a winning theater security strategy.

**Linking U.S. Farm Subsidies to the Mexican Economy**

The U.S. and Mexican economies are closely interconnected. The Mexican economy is instrumental to the U.S. because of close trade and investment ties, and because of other social and political issues that could be affected by economic conditions, particularly poverty and its related migration concerns.[20] Since the inception of NAFTA and between the years of 1994 and 2004, over 1.5 million Mexican farm jobs had been destroyed as corn from the U.S. was dumped on Mexico, dropping prices paid to Mexican famers by 70%.[21] This caused farm workers to move to the cities or further north to U.S. farms. To add to the problem Mexico reduced its farm subsidies program from 33.2% to 13.2% between 1990 and 2001.[22] As U.S. lawmakers look at the possibility of extending farm subsidies, they should consider the negative effects on Mexico and the NORTHCOM area of responsibility. U.S. policies, such as farm subsidy programs, have a direct impact on Mexico and its economy.

[20] Villarreal, M. Angeles. *The Mexican Economy After the Global Financial Crisis*, 2008. 3.
[21] Bureau of Citizenship and Immigration Services, Office of Policy and Planning. *Estimates of the Unauthorized Immigrant Population Residing in the U.S.: 1990 to 2000.* 2003.
[22] Harris, Collin. "Tariffs and Tortillas." *The Economist*, 2008.

In 2002 Congress and President Bush signed into law a new U.S. Farm Bill. Up until the bill was introduced and passed, it was believed farm subsidies would be reduced. The law increased projected subsidy payments 74% over ten years, essentially increasing an extensive benefit system for agribusinesses and resulting in a lack of innovation, cost cutting, and diversified land use in a competitive global economy.[23] The bill also gave subsidies that were as much as 40% of net farm income, so that when NAFTA took effect and tariffs were removed, agricultural products were exported to Mexico at a cost well below production.[24] Continued domestic farm subsidies provides for a chain that begins with votes for U.S. politicians and results in decreased theater stability.

Partisan politics between the two rival U.S. political parties could be debated as the gravitational center to the growing problem of regional security and food supply in Mexico. Some of the most deeply "red" states are among the biggest collectors of farm subsidies.[25] Politicians understand the value in using farm subsidies to buy votes and will usually do what is required to support their constituents.[26] Direct and indirect payments go to mostly large farms to pay for the production of crops such as corn and rice. As well, property with greater potential equates to larger subsidies received. This promotes incentive to overproduce and sell excess goods on the open market. Since the domestic markets are flooded, U.S. farmers will sell their tariff-free goods in Mexico at lower than production-cost prices, wiping out the small Mexican farmers, endangering the Mexican economy and affecting their food supply. Once the food supply has been controlled and imported food dominates domestic ability to

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[23] Edwards, Chris. "Agricultural Subsidies," *Downsizing the Federal Government.* July, 2009. http://www.downsizingovernment.org/print/agriculture/subsidies.
[24] International Forum on Globalization. *Exposing the Myth of Free Trade*. February 25, 2003.
[25] Tanner, Michael. "Republicans Are Weak on Farm Subsidies." *National Review Online.* http://www.nationalreview.com/articles/print/259294.
[26] Boortz, Neal, Linder, John, Woodall, Rob. *Fair Tax: The Truth*, October 13, 2009. 34.

compete, low supply and high demand equates to higher prices of food in Mexico, resulting in starvation and migration north. It will be difficult to correct this path that leads from the halls of Congress to the rural fields of Mexico.

U.S. policies related to domestic farm subsidies threaten NORTHCOM theater security cooperation efforts. These farm policies in conjunction with NAFTA may weaken the respect sought from regional partners. Chief Economist of the World Bank, Nicholas Stern stated "It is hypocritical to preach the advantages of free trade and free markets and then construct obstacles in precisely those markets in which developing countries have a competitive edge."[27] Johan Norberg, of the Swedish think tank Timbro, believes subsidies in developed countries are "deliberate and systematic means of undermining the very type of industry in which the developing countries have comparative advantages."[28] NORTHCOM must seek to reduce or eliminate domestic farm subsidies with the objective being a competitive, free market that assists in the economic stability of Mexico.

**Targeting Domestic Farm Subsidies**

Policies that lead to the elimination of farm subsidies should open a bona fide free market. If not done away with, U.S. farm subsidy programs should be regulated to ensure the basic intention of subsidies is achieved: the survival of small U.S. farms in maintaining U.S. agricultural security. The U.S. Department of Agriculture allocates roughly $20 billion in subsidies to agribusinesses and owners of farmland each year.[29] Presently, farm subsidies favor large U.S. farmers resulting in the unintended consequence of the destruction of

[27] Griswold, Slivinski and Preble, "Six Reasons."
[28] Ibid.
[29] Tanner, Michael, "Republicans."

Mexico agribusinesses. Farm subsidy programs were developed as a band-aid to depression era problems and should be looked at now for adjustment.

The majority of subsidies go to large farms paid to overproduce nonessential crops and result in the dumping of agricultural goods on Mexico. As previously stated, the larger the farm the higher the subsidies. In 2010 the largest 10% of farm recipients received 73% of all subsidy payments.[30] Riceland Foods can be looked at as an example. Riceland was the largest recipient of farm subsidies in 2003 when it received $68.9 million, or more than all the farmers in Rhode Island, Hawaii, Alaska, New Hampshire, Connecticut, Massachusetts, Maine, Nevada and New Jersey combined.[31] In addition, Fortune 500 companies, such as Archer Daniels Midland and International Paper, plus Chevron and Caterpillar receive agricultural grants from the program.[32] When large farms overproduce, having more goods than the U.S. market can bear, they are forced to find a marketplace to sell their goods. Because NAFTA has provided for a tariff-free zone between Mexico and the U.S., U.S. farmers will sell their goods at a lower, duty-free price than what Mexican farmers can afford, eventually putting Mexican farmers out of business. When used in conjunction with NAFTA, subsidies damage regional economies.

Whether or not domestic farm subsidies are reduced in the immediate future, the goal should be eventual elimination. The removal of farm subsidies proved successful for Australia in the 1970's and later for New Zealand in the mid 1980's. Although New Zealand is a smaller country, its economy is five times more dependent on farming than is the U.S. economy.[33] At 30% of the value of production prior to being amended, subsidies in New

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[30] Tanner, "Republicans."
[31] Griswold, Slivinski, and Preble, "Six Reasons."
[32] Ibid.
[33] Edwards, "Agricultural Subsidies."

Zealand were higher than U.S. subsidies today with similar farming issues to include overproduction, environmental degradation and inflated land prices.[34] New Zealand's success story includes free market growth and farm innovation. Interestingly, only 1% of farms went under compared to the 10% predicted.[35] Following the repeal of farm subsidies in New Zealand, the number of sheep dropped to about 40 million from 58 million, dairy cows have risen over five million from 3.5 million and deer stocks are up 64% with productivity up in each sector.[36] The elimination of farm subsidies should be successful domestically and internationally as proven by New Zealand.

**Counter-arguments**

Three counter-arguments to the removal or elimination of domestic farm subsidies include the Mexican government being at fault due to lack of desire to protect their agricultural economy, the U.S. population's unwillingness to support it as a whole because they have been told agribusinesses would go under thereby risking national security and finally, U.S. politicians' unwillingness to endorse elimination because they need these programs to continue getting votes.

The Mexican government could be more dedicated to sustaining its agricultural economy while growing its industrial sector. Mexico failed to stop corruption related to PROCAMPO or compete against U.S. subsidies. For example, corn has historically been Mexico's most important crop with it making up 60% of Mexico's cultivated land.[37] This made it a target for protection by NAFTA. Corn was supposed to have tariffs lifted over a 15

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[34] Ibid.
[35] England, Vaudine. "Shorn of Subsidies." *The New York Times.* July 2, 2005. http://www.nytimes.com/2005/07/01/world/asia/01iht-newzealand.html.
[36] Ibid.
[37] Public Citizen. *The Mexican Economy.* 2.

year period or only if production did not meet national demands, but it was the industrial sector with its desire for cheaper corn and thus creation of higher demand that forced the Mexican government to brush off the 15 year timetable and replace it with a three year schedule.[38] Some might say this is where the Mexican government intentionally gave up on their agriculture sector. When it comes to subsidies, the Mexican government provides $3 billion a year in aid to agricultural producers compared to roughly $20 to $30 billion received by U.S. farmers.[39] The Mexican rural sector accounts for 26% of the labor force, and pays the lowest wages in Mexico, while U.S. farms account for less than 3% of the U.S. labor force.[40] Mexico cannot keep up with the artificial competition placed on it by NAFTA and U.S. subsidies.

Some believe any effort to reduce domestic farm subsidies would hinder the advancement of U.S. agribusinesses. Farm subsidies cause overproduction, the overuse of marginal farmland, land price inflation and excess borrowing by farm businesses.[41] In 2005, the average income of farm households was $79,965 or 26% higher than the $63,344 average for all U.S. households.[42] Since 1995 the biggest American farm businesses received 71% of farm subsidies, according to the Environmental Working Group.[43] Subsidies create artificial indicators in regard to supply and demand. Australia and New Zealand cut the ties on farm subsidies years ago and have yet to look back. Reduced subsidies in conjunction with free trade equates to a valid free market.

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[38] Ibid.
[39] Cevallos, Diego. "Increased Farm Subsidies In U.S. Another Harsh Blow For Mexico." *Third World Network.* May 15, 2002. http://www.twnside.org.sg/title/twe280h.htm.
[40] Ibid.
[41] Edwards, Chris. "Ten Reasons To Cut Farm Subsidies." *CATO Institute.* June 28, 2007. http://www.cato.org/pub_display.php?pub_id=8459.
[42] Ibid.
[43] Abbott, Charles. "Biggest Growers Pocket 71% Of US Farm Subsidies." *Reuters.* September 9, 2003. http://www.rense.com/general41/biggestgrowerspocket.htm.

Some also reason that reducing farm subsidies may be detrimental to U.S. food security and place the country at the mercy of foreign agriculture. Proponents contend that without subsidies, American farm products would be replaced by imports, leaving the United States dangerously dependent on foreign food sources. However, the United States currently grows more food than it needs to feed itself and exports a quarter of its production.[44] Two-thirds of all farm production includes fruit, vegetables, beef, and poultry, all of which thrive without farm subsidies.[45] If any of these justifications were valid, these farmers would be impoverished, near bankruptcy or replaced by imports and both the supplies and prices of fruit, vegetables, beef, and poultry would fluctuate wildly.[46] Republican Representative Vicky Hartzler of Missouri, who owns a farm equipment business that has historically accepted subsidies, believes that although eliminating the programs may be a threat to national security some programs may need to be cut.[47] "There is a benefit to keeping that food safety net there, but we need to look at all discretionary spending and ask the hard questions," she says.[48]

The true center of gravity for this issue may be the eagerness by politicians to win votes. Domestic farm subsidy programs are used to buy votes for elected officials. Most farm programs originated during the Great Depression, but make little sense in today's economy.[49] In 2010 constituents in rural regions received incomes exceeding $92.5 billion, a 34% increase from 2009, and 28.8% above the previous ten year average (subtracting

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[44] Economic Research Service, *Value of U.S. Trade-Agricultural, Nonagricultural, and Total-and Trade Balance, by Fiscal Year*, May 2007, at www.ers.usda.gov/Data/FATUS/DATA/fynonag.xls (June 4, 2007).
[45] Ibid.
[46] Reidl. Brian. "How Farm Subsidies Harm Taxpayers, Consumers, and Farmers, Too." *The Heritage Foundation*. June 20, 2007. http://www.heritage.org/Research/2007/06/.
[47] CBS News. *Are Farm Subsidies At Risk?* November 16, 2010. http://www.cbsnews.com/stories/2010/11/15/politics/main7057379.shtml.
[48] Ibid.
[49] Edwards, "Ten Reasons."

payments from the government).[50] Farm subsidy programs are rife with partisan politics that directly affect security in the NORTHCOM area of operations. These programs keep businesses artificially competitive and have little place in regional efforts to expand free trade and trust across our borders. It must be conceded that due to politics, farm subsidies will be around for a while and there is little a Combatant Commander can do to contest this.

**Conclusions and Recommendations**

When President Franklin D. Roosevelt introduced farm subsidies in the 1930's, Secretary of Agriculture Henry Wallace called them "a temporary solution" to deal with collapsing farm incomes that afflicted the 25% of the population living on farms.[51] Today, farmers make up just over 1% of the population with farm household incomes well above the national average.[52] Farm subsidies are supposed to be the solution for impoverished family farms, but actually work against the small farmer by giving so much to the large farmer.[53] They also create increased burdens on Mexico and our regional security.

Farm subsidies support the non-essential production of goods by large agribusinesses. These goods are then dumped on Mexico, thereby killing their agricultural industries, reducing an essential base for stability and increasing illegal migration to the U.S. Subsidies take advantage of the principles agreed upon by NAFTA and are likely to be fraught with corruption. Farm subsidies do not relate well to free trade agreements.

To benefit U.S. and Mexican national security and assist in global and theater security cooperation, the U.S. farm subsidy program should be reduced to the point of elimination.

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[50] Tanner, Michael. "Republicans."
[51] Reidl, "How Farm Subsidies Harm."
[52] Ibid.
[53] Ibid.

Perhaps the best solution would be a step-down or reduction to elimination process to ensure near-term stability of small farmers. A big advantage to reducing farm subsidies is that it would require only internal U.S. policy change, negating the need to reengage NAFTA. A renegotiation of NAFTA may cause more problems with our other trade agreement partner, Canada. For instance, renegotiating NAFTA may give Canada leverage in adjusting previous agreements on energy trade, which is currently an advantage to the U.S. It would be more advantageous to correct the problem through changing our own policies. Reducing domestic farm subsidies has the potential of correcting both problems, thereby killing two birds with one stone.

NAFTA does not take domestic farm subsidies into consideration as it allows for tariff-free agriculture to be sold across the border. Policies should influence change throughout the world and especially across U.S. borders. The U.S. cannot simply tell Mexico what to do and then expect changes. An agreement such as NAFTA should not be signed and then on the side have the U.S. government advance the playing field through subsidies.

The U.S. has four avenues it could take in its position on farm subsidies: continue to increase farm grants with better government oversight on these government funds, reduce subsidies to cover farmers who need them most or eliminate subsidies all together and make the agriculture industry compete like other free market sectors of the economy. Due to the dependence some of our famers have on the program, we might look at weaning off or reducing these grants to the point of elimination over a 5 to 10 year span, all while enforcing strict rules on how these taxpayer funds would be used.

**Final Remarks**

Popular counter arguments to eliminating farm subsidies include that they will be the end of the small domestic farmer and we should not give our advantages in farming to the developing countries around us. That is a great point except for one problem – we agreed to NAFTA. It is true that some small unproductive farms will go under, but that is natural progression in a free market. Using Australia and New Zealand as examples, it has worked in the past. It is discouraging to listen to leaders trying to solve Mexico's woes, but when it comes time to act, real solutions are ignored. Some say do not touch farm subsidies because our own national security would be at risk. That is not in line with committing to established free trade agreements. It is important to get ahead, but when a trade deal is made it should be honored, completely. The U.S. government should assist Mexico by doing the right thing. Entering into a free trade agreement is to become a free trade partner. If we are not willing to move forward with this principle, we are wasting time in attempting to solve Mexico's problems. Trust must be earned. Without it, theater security cooperation is a pipe dream. The upright thing does not include making a free trade agreement followed by excessive domestic subsidies. The combination of NAFTA and domestic farm subsidies is poor and one that makes NORTHCOM's job of gaining regional trust and security near impossible.

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